



Security Industry Authority

# Annual Report and Accounts 2016/17



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# Contents

Foreword from the Chair and Chief Executive	I
Performance report	4
Overview	4
Performance analysis	5
Financial review	17
The accountability report	20
Corporate governance report	20
Remuneration and staff report	30
Parliamentary accountability disclosures	39
Certificate and report of the Comptroller and Auditor General	40
The financial statements	42



# Foreword from the Chair and Chief Executive



Elizabeth France  
SIA Chair

The Security Industry Authority was established to protect the public and raise standards in the private security industry. These principles remain central to our work, and our existence means that the public can be reassured that the regulated private security industry plays an important role in keeping people safe.

During 2016/17 our focus has been to further improve our licensing system with the launch of our new online service; some applicants had trouble in using the new system and we applied a series of technical fixes and additional resources to support our customers.

We have also worked to maintain high standards of service, monitor compliance with the regulatory regime, and deliver greater value for money.

Our staff at the SIA have again performed to a high standard. We achieved this during a year of change. They responded to the issues which had arisen with the introduction of the new licensing system with solid team work and professionalism.

We thank them for this; their commitment, together with the engagement and support of the private security industry, has enabled us to achieve our objectives and to rise to the challenges and opportunities that we have faced.

Over the last year, we have met with the organisations we regulate and the people affected by our work. It is clear from those discussions that our remit remains as important as ever, we remain committed to making further improvements in our work.

In the coming year we will continue to further improve the licensing system, both from a technical and a customer support point of view, in order to provide a smooth and well-functioning process.

We remain committed to the vision of improving standards in the private security industry, with a changing emphasis over time so that the industry takes on more responsibility for these standards and the requirement for regulation is minimised.

In 2017/18, we will continue to focus on further reducing violence and criminality, engaging with buyers, and working with partners on issues of national security and public protection.

Our work is dependent on partnership not just with the police and other public bodies, but with the industry itself. We seek, and continue to benefit from, the support and cooperation of those working in the private security industry and our many partners to provide effective regulation, and to pursue robustly those who choose not to comply. We are grateful for that support and cooperation and look forward to continuing to work with the private security industry and our partners to deliver high quality regulation in the coming year.

Last year, the Home Office undertook a review of the SIA, which it does for all of its non-departmental public bodies. The review examined our form, function, governance and performance. We welcome the review as an opportunity to reflect on what we do and how we can contribute further to Home Office objectives and continue to improve standards in the industry we regulate.

Our Annual Report and Accounts 2016/17 sets out our key achievements during the year, the delivery against our strategic goals and gives an overview of our financial position. We are committed to ensuring that we continue to be an effective and efficient regulator that plays an important role in raising standards in the private security industry and protecting the public.



Alan Clamp  
CEO

## Our role

The Security Industry Authority (SIA) is a non-departmental public body sponsored by the Home Office. We were established under the Private Security Industry Act 2001 – which covers England, Wales, Scotland and Northern Ireland – to regulate certain activities within the private security industry.

We support the key priorities of the Home Office - reducing and preventing crime, and ensuring people feel safe in their homes and communities.

We have a statutory responsibility to license individual security operatives. We do this by applying approved criminality and other 'fit and proper person' criteria, and we establish the minimum competency requirements that individuals have to meet before applying for a licence.

We work closely with police, local authorities, training providers, trade associations, industry representatives and other government agencies to ensure that individuals and companies operating within the private security industry comply with the law. Our enforcement operations are part of this work.

We set and approve standards of conduct and training. We do this by specifying learning and qualifications required for individual licensing. We require awarding organisations to have robust standards of assessment and appropriate processes for the awarding of qualifications recognised for licensing. The Office of the Qualifications and Examinations Regulator (Ofqual) is responsible for regulating qualifications in England, the Scottish Qualifications Authority (SQA) regulates qualifications in Scotland, and Qualifications Wales is responsible for regulating qualifications in Wales. The Council for the Curriculum, Examinations and Assessment (CCEA) regulates all qualifications in Northern Ireland.

We manage the voluntary Approved Contractor Scheme (ACS), which measures private security companies against independently assessed standards. We do this by applying eligibility and other 'fit and proper' criteria and we establish terms and conditions of approval. We specify management and operational requirements in the ACS, and appoint independent assessing bodies to conduct assessments against this standard before awarding approved contractor status.

The Authority – our non-executive board – is made up of a chair and five members. One member is appointed to represent the interests of Scotland and one to represent the interests of Northern Ireland. The primary role of the Authority is to ensure that we meet our statutory responsibilities. It achieves this by setting our strategic direction and providing both support and challenge to an executive which is responsible for the discharge of these responsibilities on a day-to-day basis.

The regulated private security industry protects people, property and premises and comprises the following sectors:

- Manned guarding:
  - Cash and valuables in transit
  - Close protection
  - Door supervision
  - Public space surveillance (CCTV)
  - Security guarding
- Key holding
- Vehicle immobilising (Northern Ireland).

## Our vision and mission

We have developed a distinctive style of principled, proportionate and risk-based regulation, which we refer to as 'right-touch regulation'. This is underpinned by close working relationships with our partner stakeholders and members of the public who come into contact with our regulation or have an interest in it.

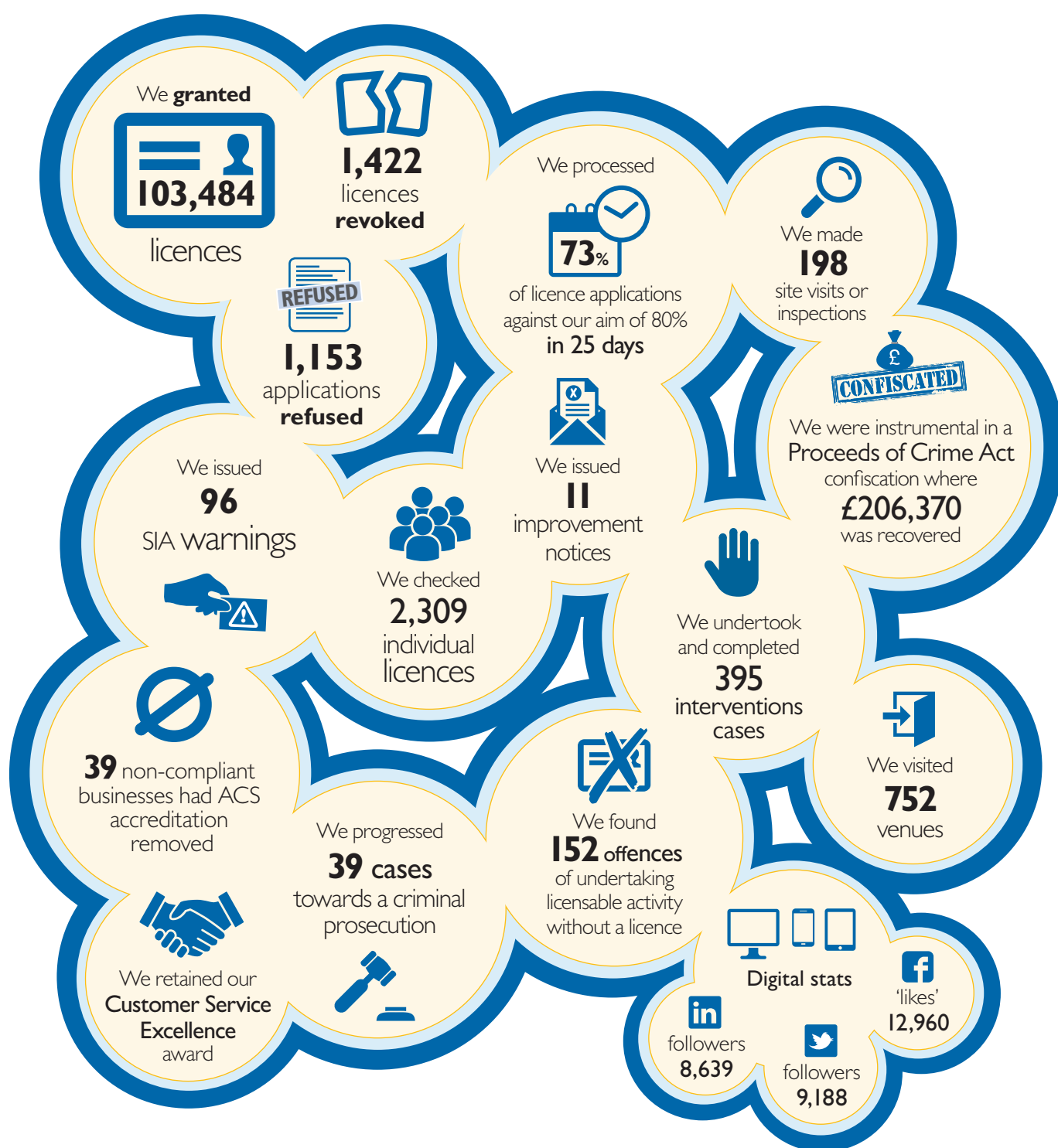
Our vision is one of a private security industry so committed to improving standards and protecting the public that it needs minimal regulation.

Our mission is to hold the private security industry to account for continuously improving standards in order to protect the public.

# Performance report

## Overview

### 2016/17 – Our key achievements



## Performance analysis

We have a well-developed and established system of performance management and reporting, based on the following four strategic aims for the 2016/17 financial year:

1. To protect the public by delivering excellent regulation.
2. To maintain strong relationships with our partners and our stakeholders to improve the quality of our work.
3. To have a skilled, diverse and motivated team who are proud to work at the SIA and are committed to achieving our objectives.
4. To seek continuous improvement in the way we run the SIA and our value for money for licence holders, ACS companies and the public.

This performance management system includes Key Performance Indicators (KPIs) which are linked directly to the achievement of corporate objectives and a cascade of performance indicators which, in turn, drive the KPIs. We continue to report the progress of the 12 KPIs to the Board on a monthly basis, as follows:

Ref.	Performance Indicator	Target 2016/17	Average 2016/17
KPI 1 (SA1)	Percentage of all correctly completed individual licence applications processed within 25 working days.	≥80%	73%
KPI 2 (SA1)	Percentage of correct decisions to grant an individual licence against the SIA decision-making framework.	≥99%	100%
KPI 3 (SA1)	Percentage of eligible companies that successfully re-register or renew their Approved Contractor Status	≥90%	89%
KPI 4 (SA1)	Percentage of disclosures that indicate a public safety concern dealt with within five working days	100%	99%
KPI 5 (SA1)	Percentage compliance with the licensing requirements, based on random inspections of security operatives	≥98%	100%
KPI 6 (SA2)	Percentage of complaints resolved in line with the requirements and timescales of the published SIA policy	≥90%	99%
KPI 7 (SA2)	Percentage of stakeholders surveyed in each quarter that indicate satisfaction with the work of the SIA	≥75%	63%
KPI 8 (SA3)	Average rate of staff turnover	≤20%	19%
KPI 9 (SA3)	Number of vacant posts as a percentage of headcount	≤10%	13%
KPI 10 (SA3)	Percentage of staff attending training courses agree that the skills and knowledge gained were useful for knowledge, performance or career development	≥80%	87%
KPI 11 (SA4)	Percentage of undisputed invoices paid within ten working days	≥90%	96%
KPI 12 (SA4)	Percentage reduction in SIA operating costs in 2016/17	≥5%	8%

July 2016 saw the introduction of STeP, the new online licensing system, and there were service problems for a period after implementation. Performance was below target on three KPIs. The affected KPIs were as follows:

- **KPI 1:** Performance for the year was 73%. We saw a dip to 46% for July 2016 due to the implementation problems of switching over between licensing systems. This returned to just under expected performance in later months; the KPI for March 2017 was 75%. We will make further improvements to the system in 2017.
- **KPI 7:** We have held three customer surveys since the implementation of the new system, and all surveys yielded a low response rate. The survey in August 2016 yielded a satisfaction score of 53%, with subsequent survey results of 64% in November 2016 and 73% in February 2017 (against a target of 75%) respectively. The initial score largely reflects customer dissatisfaction with the performance of the new licensing system at that time.
- **KPI 9:** Average proportion of vacant posts was 13%. This was due to the need for us to create additional posts to deal with the new licensing system issues.

KPI 3 and 4 were slightly below target (by less than 1%) and this is not deemed to be statistically significant. We met or exceeded all other KPI targets.

## Achievements against strategic aims

We have continued to perform well against our strategic aims set in our 2016/17 business plan. We achieved this alongside the development and launch of our new licensing system, which will bring significant benefits to the operational aspects of regulation in the future.

## Strategic aim one: To protect the public by delivering excellent regulation

### Contributing to violence reduction

Violence reduction remains a key priority for us, especially violence in relation to private security and our regulatory regime. The issues that contribute to violence are complex and we cannot provide the solution by ourselves. We continue to play our part alongside our partners, using our influence and powers to enable and support the private security industry to reduce violence.

We have convened a steering group of multi-agency and multi-organisational representatives from across the private sector, the public sector and the voluntary sector. The group meets to consider progress being made against a series of deliverables in an action plan to reduce violence.

The group is focusing on five key areas, which we consider collectively to deliver the most impact. These are:

1. **enforcement** – involving police forces, local authorities and the SIA, plus others. This is usually intelligence-led, targeting problem venues, businesses or people;
2. **kit and equipment** – exploring the success of those who use various practical items to reduce violent behaviour, including for example alcometers, bodycams, CCTV, ID scans and so on;
3. **communications and guidance** – developing and publicising user-friendly guides to best practice;

4. **reporting of incidents** – improving the accuracy of reported violent incidents and seeking ways to learn from these incidents; and
5. **training and standards** – this is not just about SIA mandatory training, but about all training needed for someone deployed to do a job. Standards also apply to businesses, not just individuals.

## Compliance with the regime and conformance with the Approved Contractors Scheme (ACS)

Until March 2017 five assessing bodies provided independent assessment services for the approved contractor scheme on our behalf. We carried out a retender exercise in the last quarter of 2016, where we invited applications for the delivery of the ACS assessment service. As part of this process, we introduced additional contractual requirements aimed at driving up the quality of assessment. In addition, one of our aims was to reduce the number of assessing bodies for the standard route assessment service from five to four, with the intention of consolidating the quality and quantity of assessment activity to better match the demand for standard route applications.

We require all assessing bodies to maintain a 90% achievement rate against performance indicators on the accuracy of their assessments, or we implement sanctions. We have managed the relationships with assessing bodies so that they all achieved 96% and above.

We have trained and observed all new assessors before they carry out assessments without supervision. Assessors continue to be risk rated and monitored.

This year, working in conjunction with key industry stakeholders, we completed a review and made changes to the ACS self-assessment workbook, (the first since 2013). These changes will help raise standards; they include additional requirements and raise the required achievement level for some indicators. We have taken the opportunity to simplify some requirements and to clarify others. The changes come into effect from April 2017.

This year, we deemed that more than 86% of ACS companies met the ACS standard at their first assessment.

During the year, we withdrew approval from 48 companies because we found they were no longer meeting ACS requirements (non-conformance, non-compliance or not meeting ACS terms and conditions). A further 13 were withdrawn for other reasons including voluntary withdrawal from the scheme.

## Delivering regulation through innovation

We introduced new licensing services in July 2016. Some of these services were available only to approved contractors. Prior to the launch, we worked with nine approved contractors to pilot the Licence Management service. The Licence Management service aims to provide approved contractors with increased control and oversight of the licensing process – a first step towards the industry taking more responsibility for regulation. Although some technical difficulties with the functioning of the online system have caused these businesses some frustration, all nine businesses have continued to increase their use of the service as they gain confidence in the online system.

We acknowledge they have had to commit resource, and have required more support from the SIA than originally anticipated. However, as detailed in the published review of the Licence Management pilot, they recognise the longer term benefits this service will bring. We are grateful for their significant commitment and contribution throughout the pilot and beyond, and look

forward to continuing the valuable partnership we have built with these businesses. We have planned to make the Licence Management service available to other approved contractors as soon as we have confidence that its benefits can be fully realised by a greater number of businesses.

In the meantime, around 30% of approved contractors are benefitting from the Licence Assist service, which allows them to submit and monitor applications on behalf of their licensable staff.

## Improving our regulation

Our vision requires us to ensure that our regulatory requirements are driving standards within the industry. The Approved Contractor Scheme (ACS) has been in operation for eleven years and in this time, it has had a transformational approach to standards within the industry. We need to be certain that the scheme remains fit for purpose, and this means reviewing it to ensure that it reflects current regulatory priorities.

We have commenced initial work on a fundamental review and update of the ACS which we will complete in mid-2018. We will consult with buyers, stakeholders and security businesses throughout the review process. The review will build on the existing standard, guidance documentation, processes and assessment arrangements to ensure that we:

- Continue to align with Home Office policy objectives and regulatory outcomes
- Continue to raise performance standards and quality in the private security industry
- Develop a scheme that buyers and stakeholders understand, and that buyers will increasingly seek when contracting for security provision
- Ensure the scheme reflects new thinking and practice, and is considered at the forefront in the fields of private security and business best practice
- Produce a scheme that stretches Approved Contractors to deliver results, and continues to provide tangible value to the businesses and their customers
- Produce a standard that is streamlined, reduces burden and costs and remains robust when challenged, as well as being considered practical and easy to engage with
- Build assessment arrangements around the scheme that will ensure consistent and robust assessment outcomes
- Ensure buyers can have confidence in the probity of ACS companies, it is important that there is an assurance that the ACS sets the standard
- Consider how we could give the private security industry a bigger role in the ACS Scheme

## Maintaining effective and efficient operating systems

During 2016/17, we granted 103,484 licence applications. We completed 73% of licensing decisions within 25 working days of receiving a correct and complete application, against a target of 80%.

Our target for measuring the accuracy of our licensing decision-making is that we get 99.5% of our decisions to issue licences right. During this year, we conducted a robust sample of only the most complex decisions<sup>1</sup>. Of these, we made the correct decisions in 100% of cases, an improvement from 99.95% last year.

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<sup>1</sup> The sample size for measuring the accuracy of licensing decisions for 2016/2017 was 2,113. This is 5% (1,229) of all applications where an assessment was manually made on the criminal record and 1% (884) of all applications where criminality was automatically approved following notification from the Disclosure Barring Service.

Our ability to receive, share, accurately process and use intelligence from a variety of sources including industry, the police and the public and other partner agencies, is key to our success as a regulator. We aim to process intelligence within five days for high risk issues and 20 days for low risk issues.

Where we have a public safety concern, we aim to take action on this within five days for 100% of cases. In the year 2016/17 we processed this information in the target timeframe for 99% of cases. Intelligence is subject to assessment upon receipt, if an imminent threat is determined action will be taken immediately.

We aim to have 90% of eligible companies renewing their approved contractor scheme status during the year. This year, we achieved 89% of companies re-registering.

## Strategic aim two: To maintain strong relationships with our partners and our stakeholders to improve the quality of our work.

### Working with other agencies to tackle businesses and individuals that cause harm to the public

#### Police and Security Initiative

We sponsor and continue to support the Police and Security initiative. Following success in London, which is seeing the Metropolitan Police Service working in partnership with the private security industry, the Police and Security initiative is rolling out nationally. The initiative has its origins in the legacy of the London 2012 Olympic Games. We started two initiatives during 2016/17 in the South East of England involving local police forces, security providers and major supermarkets. We are working with police forces and the private security sector on further initiatives planned for 2017/18.

#### Her Majesty Revenue and Customs (HMRC)

Throughout the year, we have been engaged in several joint investigations with HMRC. One of these focussed on a large door supervisor company in London which was an SIA approved contractor. We had concerns about the employment model used by this business which, we believed, was not compliant with HMRC regulations. Working alongside our partners at HMRC, they were able to demonstrate that the company had been non-compliant in their tax payments by declaring a false employment model. This resulted in HMRC imposing financial penalties and enabled us to withdraw the company's ACS status and resulted in the company going into administration.

#### Home Office Immigration Enforcement team (HOIE)

We have worked jointly around the country with the Home Office Immigration Enforcement team on individual operations. We worked together to target three suspects operating within the security industry associated with the production of counterfeit SIA licences. We accompanied HOIE on unannounced visits to find these individuals. A visit to Kingston-upon-Thames was successful in apprehending one suspect with multiple SIA licences and lists of licence numbers in his possession.

As part of our work focussed on construction sites, we visited a number of sites in the north of England alongside Home Office Immigration Enforcement. We discovered a number of security operatives on remote sites who were neither SIA licensed, nor had the right to work in the UK. There were also indicators of worker exploitation and potential modern day slavery. We worked alongside partners to address these issues.

### Government Agency Intelligence Network (GAIN)

We are an active member of GAIN at national, regional and local levels. As well as membership of the GAIN executive, membership at all levels has allowed efficient exchange of information with a wide variety of partners. Furthermore, we are part of an information exchange system, through which we access partner led operations.

### Child sexual exploitation

We continue to work with experts in the field to engage the industry in helping to combat child sexual exploitation. We started this work in 2013 when we made changes to the training required for an SIA licence to include awareness of this issue.

To support Nottinghamshire Police, Nottingham City Council and Nottinghamshire Safeguarding Board in their efforts to combat child sexual exploitation in the county, we facilitated a child sexual exploitation seminar in September 2016. The NHS, and the Nottinghamshire Police Concerns Network, Sexual Exploitation and Prostitution units provided presentations. The seminar was well attended with some businesses agreeing to establish Child Sexual Exploitation Safeguarding Leads within their companies.

### Improving standards for individuals in the sector

In January 2017, Ofqual, the qualifications regulator in England republished a report on licence linked qualifications used in the private security industry. The report found that some awarding organisations had inadequate quality assurance arrangements with the training providers ('centres') delivering their qualifications. These deficiencies increased the risk of malpractice, and there was evidence of assessment malpractice occurring in a small number of cases. In such cases we have taken positive action, this has included suspending and revoking licences.

The report noted that we already impose a number of additional requirements on awarding bodies over and above those required by Ofqual. Since the report was published, we have restructured our contractual relationships with awarding organisations. We have also held joint events with Ofqual to drive quality improvement with the awarding organisations to help address any weaknesses found in their awarding arrangements.

### Working with industry to improve standards

We sit on the Board of the Police and Private Security Group (PaS). The PaS Group has expanded its focus from London to take a national focus. We chair and actively participate in the developments of the PaS working group for standards, training and accreditation. There are currently three PaS approved projects completed or near completion:

- Vulnerability Awareness Training – The Metropolitan Police Service lead this project with input from the SIA, private security businesses, Diageo, Best Bar None and the National Union of Students (NUS). A vulnerability awareness training video has been produced comprising three short clips that deal with female sexual assault, road traffic assault and removal of an offender from premises.
- Standard for Evidential Requirements – the Metropolitan Police Service lead this project; following a pilot with some large retailers, an evidence pack is now available. The Metropolitan Police Service Evidence Pack assists the completion of the documentation required to present evidence of a suspected crime and enables the efficient and effective use of police resources in the investigation of a relevant incident.

- **Standards Mind Map** – The British Security Industry Association leads this project with input from SIA, Sainsbury, British Standards Institute and National Security Inspectorate. Research from the Police and Security Initiative showed that the security standards and training landscape was complex for buyers of security to understand and navigate. This group has developed a standards mind map that provides signposting for buyers and is available on the British Security Industry Association website.

## Strategic aim three: To have a skilled, diverse and motivated team who are proud to work at the SIA and are committed to achieving our objectives.

### **The SIA has an engaged and supported workforce**

The staff survey conducted in the autumn of 2016 had a 68% response rate with an overall satisfaction rating of 70% (75% in 2015). This compares with a 59% satisfaction rating from the similarly structured Civil Service People Survey.

The survey results are set against a year of significant change in which we implemented STeP, the new licensing system; this impacted on job roles, and training and development and introduced operational change across the organisation.

We have developed an action plan and are working with staff from across the organisation in response to the feedback we received in the survey and discussions with teams at our staff briefings. We have also developed a two year people strategy. Delivery of the action plan and strategy will be reviewed at our quarterly senior management meetings and at our Human Resources and Remuneration Committee.

During the year 2016/17 staff turnover reduced slightly from 20% to 19%.

## Strategic aim four: To seek continuous improvement in the way we run the SIA and our value for money for licence holders, ACS companies and the public.

### **Minimising the direct cost of regulation**

We have undertaken significant work during the year that has already provided cost savings in the way in which we regulate, and we continue to look for future improvements. The implementation of our new self-service website, as part of the new licensing system, has minimised the need for a contracted call centre operation and has transferred responsibility for managing our relationship with our customers in-house. We have now provided a fully digital application system which will enable individuals and businesses to get licensed more easily and more efficiently.

### **Customer Service Excellence**

This year we underwent a full assessment against the Customer Service Excellence standard. Following a two day assessment and discussions with customers, partners and staff, the external assessor confirmed we met the standard and retained the award. The report noted that staff members are very focussed and there is a real drive towards continuous improvement and there is a strong commitment to customer service.

### Quality monitoring

We continue to quality monitor our customer facing activities. This includes monitoring our calls to customers and responses to customer complaints. These measures ensure we continually improve our service, and aid compliance with our regulatory regime.

## Other significant achievements

### Partnerships & Interventions – Overview

Our Partnerships & Interventions (P&I) function works very closely with law enforcement partners, key Government agencies, the private security industry and other key stakeholders in our regulatory regime. P&I largely consists of regionally based teams of investigators. They work collaboratively with other teams in our organisation and are responsible for providing robust and effective regulation across the UK.

Many of our partnerships support compliance but some, additionally, identify and disrupt serious and organised crime associated with the private security industry and intervene where there are threats to the regulatory outcomes we are seeking to achieve.

Our investigators work with partners to reduce risk across a wide range of public safety threats. They are increasingly involved in supporting law enforcement partners to identify, disrupt, manage and progress cases escalated from our Intelligence & Risk Management function and ACS Decisions and Compliance teams. The Partnerships & Interventions teams conduct licence inspections and business eligibility and approval visits to identify and tackle non-compliance. They use a range of interventions and sanctions at their disposal, including criminal investigation and prosecution of the most serious offences. The teams provide evidence to support the withdrawal or withholding of business approval in appropriate cases.

### Prosecutions

Our Partnerships and Interventions function has a number of companies and individuals under investigation. On average, we have approximately 30 businesses under criminal investigation at any time. The courts have ordered a range of disposals including fines and community service orders, through to custodial sentences.

In some cases more severe penalties such as director disqualifications or confiscation orders (under the Proceeds of Crime Act 2002) have been granted, with the aim of curbing an individual's future involvement in the private security industry. The introduction of in-house legal advice and advocacy at the SIA will, in the forthcoming year, seek to drive down prosecution costs.

In addition to offences committed under the Private Security Industry Act 2001, we have broadened our prosecutions to include fraud offences, in line with the functions of the SIA.

#### Examples of prosecutions include:

In May 2016 confiscation proceedings concluded following the July 2015 convictions of CapitalUK Services Ltd and directors Judith Wanyoike and Stephen Mungai for supplying unlicensed security guards. Mungai received a community service order of 250 unpaid hours and was ordered to pay £12,000 in costs. Wanyoike received a community service order of 100 unpaid hours work, was ordered to pay £6,000 in costs, and was disqualified as a company director for five years. Confiscation orders were made for £172,370 against Mungai and £34,000 against Wanyoike.

In May 2016, James Lovett and James Turner of Paramount Monitoring and Response Ltd were sentenced for providing unlicensed guards during 2014 and 2015. Lovett was ordered to pay costs of £1,000, Turner received 14 days imprisonment for each Private Security Industry Act offence. Paramount Monitoring and Response Ltd was fined £1,000 and ordered to pay costs of £4,743.

Elite Security (NW) Ltd and David Halliwell were found guilty for deploying unlicensed guards. Elite Security Ltd used a licence dispensation notice issued by another ACS business for an unlicensed security operative. Halliwell pleaded guilty to deploying an unlicensed guard, failing to provide information and giving false information. He was fined £850 and ordered to pay a victim surcharge of £85 within seven days. Elite Security Ltd pleaded guilty to deploying an unlicensed guard and was fined £400 and ordered to pay a victim surcharge of £40 and £7,640 in costs.

We continue to expand our remit in financial investigation, aided by the recruitment of accredited financial investigators. Where criminal offences are under investigation, we now routinely consider the removal of criminal benefit. We will continue to utilise funds recovered to improve future investigations or benefit good causes, under the Asset Recovery Incentivisation Scheme (ARIS) guidelines set out by the Home Office.

## Working with security buyers

We continued our Buying Right in Construction campaign to influence buyers of security in this important sector to buy on quality and not just price. In addition, we are involved in Business Crime Reduction Panels which offer an opportunity to influence buyers at a local level, including through promotion of the ACS scheme. We have produced a regional action plan for activity in both Northern Ireland and Scotland to support the value of the ACS and further the work to influence and inform buyers.

The Scottish Government procurement directive requires that security used on Scottish Government contracts is from an ACS approved supplier. Some bodies not covered by the Scottish Government directive have also adopted this position. One large organisation has worked with us, and with British Transport Police in Scotland, to remind all of their contractors that only ACS businesses should provide security on their extensive network of sites.

## Counter-terrorism

### Counter-terrorism workshops

We worked with a wide range of partner organisations and security businesses to deliver successful counter terrorism workshops in London and at Police Scotland's training academy in Fife during 2016/17. We co-hosted the London event with the National Counter Terrorism Security Office, and the Scotland event with the Scottish Business Resilience Centre. The intention of the ongoing initiative is to equip the private security industry to play its part in protecting the public from acts of terrorism, and promote greater collaboration between the counter-terrorism law enforcement community and the private security industry. The events highlighted the important role buyers of private security have to play. The audience was wider than the licensed industry we normally engage, as it included senior security operatives from sports stadia, universities and large shopping centres who employ their own in-house operatives.

## Operation BUSH

Operation BUSH is an ongoing partnership initiative with the National Counter Terrorism Security Office offering document awareness training to security companies to detect counterfeit documents used to gain employment. The first phase consisted of three document awareness training sessions for ACS companies in the south east of England. Screening and vetting staff from ACS Companies were taught how to spot fake or altered identification, shown the security features within genuine documents, as well as gaining an understanding of the importance of false identities to criminals and terrorist groups. We continue to roll out the training to security companies across the UK.

## A new online service

In July 2016, we launched our new digital licensing system. The system is designed to enable individual licences to be managed digitally, and to improve the experience of individuals and businesses in their engagement with the SIA.

Individuals are able to apply for a licence online, be kept aware of the progress of their application by email and text, and manage changes to their licence at a time convenient to them through a personal account. We also introduced additional facilities to enable business to act on behalf of individuals, saving them both time and money.

Following the launch of our new online service for licence applications (STeP), some applicants had trouble in using the new system and many experienced delays in the processing of licences. We applied a series of technical fixes, together with additional resources in customer support to help customers navigate the process. We recognise the impact on customers and have been working as a priority to improve this; performance of the system improved during 2016/17 as detailed in KPI1 (page 5).

## Customer service

The continued commitment of our teams to meet the needs of our customers ensured that we retained the Cabinet Office Customer Service Excellence award. The independent assessor remarked that we had continued to seek information to give a deeper understanding of client needs and that we had a “clear customer focussed philosophy in place.”

The changes to our customer service have been underpinned by user acceptance testing as part of the new licensing system. Consultation with customers, partners and stakeholders remained a pivotal part of ensuring we responded to customer needs.

This year we have developed and implemented more effective ways to monitor the quality of our communications with customers, for example using the comments and feedback we receive on social media we regularly update the licensing system help & guidance web page for individuals and businesses, which leads to the raising of standards in communication for our customers. Our new licensing system will help to improve further our communications with customers.

## Stakeholder and external communications

We continued to use a mix of low-cost and no cost channels including digital communication, face-to-face meetings, events and conferences to engage with audiences across the private security industry.

Our social media channels have played a vital role in the last year, especially following the launch of our new online licencing system. We increased our overall audience by 28% across Facebook, Twitter and LinkedIn. We also launched our new YouTube channel with guidance videos on our new licensing system for individuals and businesses. These have been very popular, with the most viewed video 'Registering a Personal Online Account' receiving over 10,000 views.

This year we have continued to engage stakeholders on a strategic basis to keep people informed of the developments that affect them, and to ensure that we remain up to date with issues in the sector.

In March 2017, we held our stakeholder conference in central London. The theme for the day (Working in Partnership) drew speakers from the private security industry, academia, the Police and the NHS. They brought a wealth of experience on a range of issues affecting the private security industry.

Over the year we published twelve editions of our email newsletter SIA Update. As a result of regular evaluation we know that each edition is shared widely giving us a potential readership of over 25,000 each month. We also published an ACS Update email newsletter to 1,200 ACS contacts.

## Environmental, social and community performance

We are committed to working to ensure that we take proper account of the impact of our activities on the environment. Performance in relation to greenhouse gas emissions, waste management and finite resource consumption is set out in the following table.

### Sustainability

#### Greenhouse Gas Emissions

	2016/17		2015/16	
	Consumption kWh	Cost £	Consumption kWh	Cost £
<b>Direct Emissions</b>	-	-	-	-
<b>Indirect Emissions</b>				
Electricity: Non-renewable	187,540	29,841	188,174	36,833
Gas	-	-	-	-

#### Official Business Travel

	2016/17		2015/16	
	Consumption CO <sup>2</sup>	Cost £	Consumption CO <sup>2</sup>	Cost £
Private Fleet Business Travel	61.35	112,380	67.15	128,137
Rail Business Travel	Not Available	140,945	Not Available	134,315
Other Business Travel	Not Available	62,078	Not Available	58,686
<b>Total Business Travel</b>	<b>61.35</b>	<b>315,403</b>	<b>67.15</b>	<b>321,138</b>

## Waste Minimisation and Management

	2016/17		2015/16	
	Consumption Kgs	Cost £	Consumption Kgs	Cost £
<b>Hazardous Waste</b>	-	-	-	-
<b>Non-hazardous Waste:</b>				
Landfill*	Not Available		Not Available	
Recycled/Reused	6,370	3,332	2,576	3,215
Incinerated	-	-	-	-

\* This information is unavailable to the SIA.

## Finite Resource Consumption

	2016/17		2015/16	
	Consumption M <sup>3</sup>	Cost £	Consumption M <sup>3</sup>	Cost £
<b>Water Supply**</b>	562	-	944	-

\*\* based upon calculations supplied by the landlord in relation to the proportion of SIA usage against that of the whole building, the water supply cost is shown as 'Nil' as this cost is included in billed service charges.

## Recycling

The use of recycling bins continues to be well supported during 2016/17 with 24% of total wastage recycled in the year.

## Charity assistance

Staff continue to support charities selected by staff members. The charity group has been active during the year and has raised and distributed a total of £779 to worthy causes (2015/16 £846).

Several international food days and raffles were held during the year to help raise money for the charity UNICEF.

## Procurement

We invite tenders for goods and services through The Official Journal of the European Union process or via 'Buying Solutions' provided by the Government Procurement Service.

## Approved Contractor Scheme (ACS)

As part of achieving ACS status, companies must comply with a set of corporate and social responsibility standards, which are laid out in the accreditation guidance. In this way we actively promote corporate and social responsibility in the regulated sector.

## Equality and diversity

We are an equal opportunities employer. We give full and fair consideration to all applications for employment and we welcome applications from everyone, regardless of race, sex, disability, sexual orientation, religion or belief, age, marriage and civil partnership, gender reassignment, pregnancy and maternity.

We are proud of the diverse nature of our organisation and continue to seek to develop a culture within our organisation that reflects our strong values surrounding the importance of diversity.

## Financial review

We are required by HM Treasury to operate on the basis of full cost recovery. . The majority of licences (excluding Vehicle Immobilisation) have a three year lifespan with the licence application fee paid in full in the first year. Licensing was introduced in sectors of the private security industry on specified dates from 2006/07, with the largest sectors being licensed for the first time in that year. These factors mean that our income follows a three year cycle.

A summary of the last three years' results is shown in the table below.

	2016/17	Restated 2015/16	2014/15
Application numbers*	110,437	132,035	134,296
	£'000	£'000	£'000
<b>Income</b>			
Licence fees	22,745	27,248	27,879
ACS	2,094	2,217	2,196
Other income from activities	2,287	45	184
Court costs recovered	116	76	144
<b>Total self-generated income</b>	<b>27,242</b>	<b>29,586</b>	<b>30,403</b>
<b>Expenditure</b>			
Employment costs	12,091	12,533	11,080
Accommodation	1,308	1,237	1,156
Stakeholder and External Communications	88	164	158
Licensing costs	5,173	8,334	12,195
Depreciation	1,529	343	586
Other costs	3,371	2,995	2,303
<b>Total expenditure</b>	<b>23,560</b>	<b>25,606</b>	<b>27,478</b>
<b>Operating (deficit)/surplus</b>	<b>3,682</b>	<b>3,980</b>	<b>2,925</b>

\*(paid for application numbers differs from licences issued).

## Overview

The overall financial result for year was an operating surplus of £3.7m. During 2016/17, demand for licences were 7.1% higher than the level budgeted. The budget was set on a prudent basis, reflecting the downturn in licence demand experienced in recent years. Actual performance is in line with re-forecasts made during the year. At the same time, the SIA has continued to reduce costs and this has resulted in further savings over the year. The combination of these factors has generated the additional level of surplus.

## Funding considerations

Our operation is funded through licence fees from individuals and ACS subscriptions. The level of fees is considered on an annual basis. In making a decision about fee levels, the Board has to take into account the following factors:

- The fluctuation of income against a largely fixed cost base over the three year licence demand cycle.
- To provide the industry and individuals with cost stability by ensuring that the fees do not fluctuate on an annual basis.
- The requirement in Managing Public Money to only recover costs and avoid making a surplus.

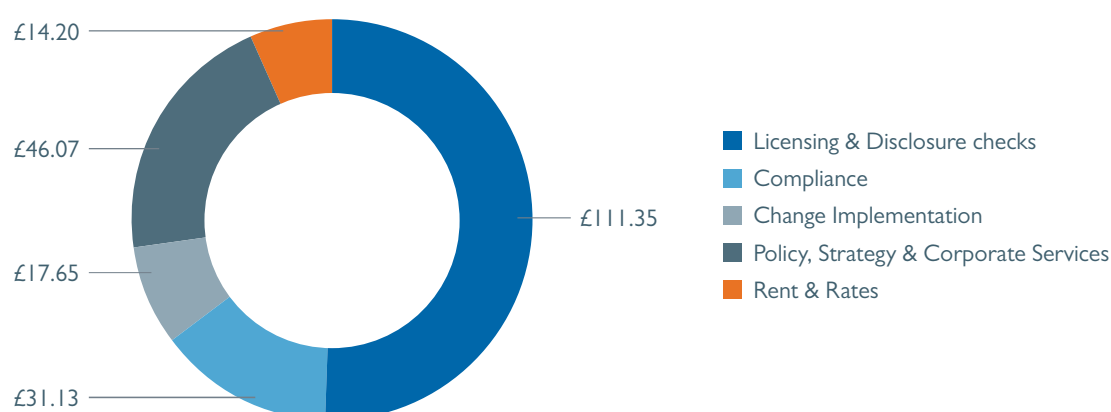
The SIA may retain all sums received by it in accordance with Lord Taylor's Direction dated 28th November 2012.

## How the licence fee was spent

During 2016/17 the fee has been held at £220 for a three year licence (except for vehicle immobilising in Northern Ireland, which is a one year licence). The fee has been set at this level since January 2012. Future fee levels are based on a number of key assumptions, the most significant of which are:

- Achieving Full Cost Recovery in line with HM Treasury's Managing Public Money;
- The size of the security industry market and therefore the number of individuals who are required to be licensed.
- The level of staff turnover within the industry, which generates new licensing applications.
- The requirement to fund those activities associated with regulatory changes which can be funded from licence fees.

A breakdown of the way the licence fee was spent in 2016/17 is set out in the following chart:



## Going concern

The accounts have been prepared on a going concern basis as indicated by future forecasts.

## Payment practice

We follow the principles of the Better Payment Procedure Code, in accordance with HM Treasury guidelines. We aim to pay suppliers within ten days of the receipt of a valid invoice, provided that the relevant invoice is properly presented and is not subject to dispute.

	2016/17		2015/16	
	Value £000s	Number	Value £000s	Number
Total invoices paid in year	14,934	2,512	20,232	1,779
Total invoices paid within 10 day target	14,219	2,405	18,445	1,398
Percentage of invoices paid within 10 day target	95%	96%	91%	79%

Alan Clamp  
 Chief Executive and Accounting Officer  
 Security Industry Authority  
 16 January 2018

# The accountability report

## Corporate governance report

## Directors' report

## Composition of management board

### Directors during the year | April 2016 to 31 March 2017

Dr Alan Clamp	Chief Executive
Dave Humphries	Director of Partnerships & Interventions
Stephen McCormick	Director of Operations
Dianne Tranmer	Director of Corporate Services

### Non-Executive Board members during the year

#### | April 2016 to 31 March 2017

Elizabeth France	Chair
Bill Matthews	Non-Executive Director Deputy Chair Chair of Audit and Risk Committee
Professor Sir Desmond Rea	Chair of HR and Remuneration Committee
Geoffrey Zeidler	
Sir Ian Johnston	
David Horncastle	

## Pension liabilities

Details of the pension schemes of which SIA staff are members are in the staff report (page 36).

## Register of interests

Company directorships and other significant interests held by Board members during the year | April 2016 to 31 March 2017.

	Directorship and significant interests
Elizabeth France (Chair)	Chair of Police Advisory Board for England and Wales Member of British Transport Police Authority Pro-Chancellor of Aberystwyth University Member of Ofgem Enforcement Decision Panel Member of Financial Conduct Authority's Regulatory Decision Committee and Enforcement Decision Committee
Bill Matthews	Trustee of the BBC Chair of BBC Pension Trust Chair of Hubwest Limited Member of British Transport Authority Board Advisor to the Criminal Injuries Compensation Authority
Sir William Ian Johnston	Chairman of Orpington Rovers Football Club Member of Audit Committee for British Museum Deputy Chair of Suzy Lamplugh Trust Board Member of Canterbury Christ Church University Trustee of Bromley Youth Music Club
Professor Sir Desmond Rea	Chair of Stanmillis University College
Geoff Zeidler	Honorary Member of the British Security Industry Association (lead on behalf of the Police and Security Initiative) Director of Kings Solutions Group Ltd; Kings Security Services Ltd and subsidiaries (an SIA approved contractor)* Advisor to Prime Kings Ltd Employed by GZC Ltd, an investment and advisory business Partner at Wyvern Partners with Business Services and Technology Advisory focus
David Horncastle	Shareholding in BT Trustee of Seer Green Church Trustee of Operational WellFound charity

\*Authority members are required to discuss with the SIA Chair any existing or prospective outside roles, which may on occasion present a conflict of interest. In this case we appointed Geoff Zeidler as our industry representative, as such he needs to be aware of industry developments. He is not involved in executive actions and does not have access to SIA information about individual security businesses. The onus is on him to declare an interest and then to absent himself from discussions in which he may be conflicted. The SIA Chair is aware of all declared outside interests and, as such, is satisfied that this takes place.

## Financial instruments

Due to the largely non-trading nature of our activities and the way in which we were financed, we were not exposed to the degree of financial risk faced by commercial entities.

## Personal data related incidents

There have been two security incidents reported to the Information Commissioner's Office (ICO) in 2016/17. One relates to a folder which was left within a licensed premises which contained information pertaining to security companies. The information was retrieved and no further action was taken by the ICO. The second incident related to a number of licensing applicants not receiving the correct consent for the SIA to share their information with their employer or other third parties. Where this was identified for applicant who had been granted a licence retrospective consent was sought, where the application had not yet reached a decision the application was paused and consent was sought. The incident was closed in June 2017.

## Statement of Accounting Officer's responsibilities for the SIA

Under the Private Security Industry Act 2001, the Secretary of State for the Home Office has directed the Security Industry Authority to prepare for each financial year a statement of accounts. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the SIA and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by the Secretary of State for the Home Office with the approval of the Treasury, in accordance with Schedule 1, paragraph 16(2) of the Private Security Industry Act 2001, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on a going concern basis.

The Permanent Secretary for the Home Office has designated me as Accounting Officer for the SIA. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the SIA's assets, are set out in Managing Public Money published by the HM Treasury. Details may be accessed on line at [www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk).

### Statement regarding Disclosure of Information to the Auditors

As Accounting Officer I have taken all the steps necessary to make myself aware of any relevant audit information and to establish that the National Audit Office have been made aware of that information in connection with their audit.

I can confirm that as far as I am aware, there is no relevant audit information of which the SIA's auditors are unaware.

I can confirm that I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the SIA's auditors are aware of that information.

I confirm that the annual report and accounts as a whole is fair, balanced and understandable. I take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

# Governance statement

## Scope of Accounting Officer's responsibility

As the Chief Executive and Accounting Officer of the Security Industry Authority (SIA), I have personal responsibility for maintaining a sound system of governance, internal control and risk management to support the SIA's statutory functions and the achievement of the Home Office's policies, aims and objectives, whilst safeguarding public funds and SIA and departmental assets.

The system of governance, internal control and risk management is designed to manage, rather than eliminate, the risk of failure to achieve policies, aims and objectives; it can therefore only provide high and not absolute assurance of effectiveness.

I confirm that I have reviewed the governance, internal control and risk management arrangements in operation within my area of responsibility at the 2016/17 12 month point and am able to provide the following assurances.

## Key issues

In July 2016 we replaced our ageing paper- and phone-based licensing process with a new, bespoke IT system: STeP (SIA Technology Platform). This provides an integrated, web-based solution that better serves our client groups. The system is designed to take our licence application process online, with the increased efficiencies, reporting capabilities, and data security that brings.

For many applicants, the new system has made their licence application quicker, easier, and more secure. There were, however, systemic problems with elements of STeP following 'go-live' on 6 July 2016. These problems, coupled with user error and basic unfamiliarity with the new regime, meant that we came into August with a large and growing backlog of applications.

The underlying system problems have been identified through triage meetings, diagnosed in close co-operation with the supplier, and addressed via a planned series of fixes, updates, and improvements to STeP. We have addressed issues such as queues of service requests, a backlog of unprocessed identity documents, and 'stuck' applications requiring manual intervention by the strategic deployment of additional resource.

As a result we started 2017 with a system that is working as intended, and with queues and workflows approaching our anticipated 'business as usual' state. However due to the delays and issues arising on implementation of the new system, a settlement amount of £2.4m was reached with the supplier.

Two minor instances of fraud, relating to misuse of a business phone and falsification of an overtime claim were identified swiftly by our internal controls and appropriate actions taken.

One minor instance of a potential fraud relating to falsification of an overtime claim was identified in the first quarter of 2017 and is still under investigation.

For the period under report, I confirm that I am not aware of any other issues occurring that have required additional funding, material loss or overspend, or have resulted in any significant loss or leakage of information.

## Governance and internal controls

### SIA Authority

The Authority routinely monitors performance, discusses and takes decisions on key policies and allows Authority members to note and comment on key strategic issues. The Authority comprises five Non-Executive Directors and the Chair.

The Authority complies with all main principles as laid out on the Corporate Governance Code.

The Authority completes an annual self-assessment of effectiveness against the following roles: independence, performance, relationships with stakeholders, integrity, delivery chain and project management, risk management and auditing.

### SIA Sub-Committees

#### Human Resources and Remuneration Committee (HRRC)

The Human Resources and Remuneration Committee (HRRC) reports into the Authority (also known as the Board).

The committee's main functions are to support the development and maintenance of the SIA's Human Resources policies and frameworks, to oversee the development of pay and remuneration policies, to make recommendations on the pay and performance of the Chief Executive and Directors, overall strategies for pay and reward, and prepare an annual report on relevant matters. This Committee comprises a minimum of three non-executive members of the Board.

#### Audit and Risk Assurance Committee (ARAC)

The Audit and Risk Assurance Committee (ARAC) reports into the Board.

The committee's main functions are to consider and agree the internal and external audit plans, review and monitor progress on actions arising from audit reports, to support the Accounting Officer in respect of his responsibilities for risk and financial propriety, and to consider the annual report and accounts and make recommendations to the Board. This Committee is comprised of three non-executive members of the Board.

### Attendance

Name of Board member	SIA Board	Audit and Risk Assurance Committee	Human Resources and Remuneration Committee
Elizabeth France	10/10	N/A	N/A
Bill Matthews	9/10	4/4	3/4
Geoff Zeidler	10/10	4/4	N/A
David Horncastle	10/10	4/4	N/A
Sir Desmond Rea	10/10	N/A	4/4
Sir Ian Johnston	9/10	N/A	3/4

## Risk management

An audit of Governance (& Risk Management) took place in December 2016. The draft report gave a moderate assurance opinion and noted that the risk maturity of the organisation had progressed from 'Risk Aware' to 'Risk Defined'.

Based upon a programme of training, a review of the tools used to manage risk and the introduction of assurance mapping and second line assurance checking the SIA is on track to become Risk Managed within the maturity model. A programme of second line assurance checking is now embedded and is subject to cyclical risk based review.

Key Corporate Risks
There is a risk we do not have enough ICT resource to commit to the high demand this year, to ensure completion of BAU, projects and service delivery.
There is a risk that due to the SIA's reliance on third parties for the relocation project the SIA's statutory functions could be negatively impacted during the move.
There is a risk that key members of staff will be lost during the relocation to new premises.
There is a risk that we will be non-compliant to General Data Protection Regulation (GDPR) requirements.

## Financial management

The SIA has a comprehensive budget and business plan in place that is reviewed and agreed by the Board. A review of management accounts is completed each month and regularly reported to the Board along with detailed explanations for any significant variances. In addition a compliance pack which looks at key Balance Sheet accounts and transactions is prepared monthly and reviewed by the Deputy Director of Finance.

The SIA prepares, develops and analyses key financial information by regularly liaising with budget holders to ensure that the SIA management is able to make well informed decisions based on accurate and up to date information.

We continue to ensure value for money and cost reduction through both internal process reviews and by the improvements that we have made to our procurement processes and contracting arrangements. Significant improvements have also been made to our operational systems to improve value for money and services provided to those being licensed.

The SIA receives a capital grant from the Home Office. The use of this grant is fully documented and is monitored throughout the year. All other funding is derived from fees charged to licensed individuals, subscriptions to the voluntary Approved Contractor Scheme and Proceeds of Crime Act income.

## Change programme

The programme to implement our new licensing system (STeP), comprised three projects: Technical Readiness (TR), Operational Readiness (OR) and Industry Readiness (IR). Each project was sponsored by a member of SIA's senior management team with progress monitored through project boards as well as the Programme Delivery Group. Monthly reports were provided to the Executive Directors' Meeting and the SIA Board. Following go-live, the three projects have been closed with lessons learned and project closure documents prepared and signed off by the relevant project board and the Programme Delivery Group. Similarly a lessons learned exercise has been

carried out and documented at programme level; this has also been signed off by the Programme Delivery Group along with a programme closure report.

## Programme and project management

The SIA has a comprehensive framework for programme and project management which is supported by a wide range of tools. All projects are subject to full business case and benefits realisation plans. During this period we have been developing a new portfolio management approach which will be implemented in 2017.

## People management

The organisation had seen some minor restructuring to improve efficiency and effectiveness and meet the planned changes to our methods of working. The HR strategy has been reviewed and developed and the revised strategy and supporting policies are being implemented across the organisation to build the capability of the workforce to meet business needs.

With the initial problems following the launch of our new licensing system (STeP), additional temporary staff were recruited to ensure we returned to our normal levels of service as quickly as possible. We have a resources plan taking us through to the end of 2017/18, which will see our service levels maintained and our staff headcount reduced back to the planned numbers.

Further work may need to be undertaken to adjust roles and structures to take account of the Home Office Review of the SIA, once it is published, and to meet the business needs of the SIA.

## Information management

Findings from our most recent audit confirmed that the SIA has a sound Information Management and Safeguarding governance structure in place.

All staff are required to take Information Assurance training and in January 2017 the mandatory training module 'Protecting Information' was completed by all staff.

The SIA's One3M assessment (One3M is an information maturity model designed to raise standards in the way information is managed) has been revised to mirror the recalibration which has occurred across the Home Office Network. Work continues to develop the organisation's information assurance rating against the terms of the renewed One3M and at the time writing, the assessment was underway with the results pending.

Second line assurance activities in relation to information management and safeguarding take place. Formal reviews and internal compliance checks are conducted routinely. These are highlighting areas to improve and providing assurance that the SIA has suitable and robust access controls in place relating to protecting and safeguarding the organisation's information and assets.

The SIA is connected to the Public Services Network (PSN) to enable secure connectivity with partner organisations. This connection is accredited until 13 February 2018.

## Internal audit

The SIA has in place an internal audit programme and this covers key elements of financial control and internal controls. Reports are considered and recommendations followed up by the Audit and Risk Assurance Committee. The 2016/17 internal audit programme was produced in line with a risk assessment and was agreed by the Audit and Risk Assurance Committee.

Ten pieces of internal audit fieldwork were completed. These related to:

- Future income processes
- Core financial controls
- Governance and risk management
- Anti-corruption
- Business continuity
- Information Safeguarding and Stakeholder Management
- Stakeholder Engagement
- Governance and risk management – follow up
- Desk-based compliance
- Regulatory decision making – Individual Licensing (findings still in draft)

The internal audit overall opinion of the SIA's governance and controls was confirmed at the October 2017 Audit and Risk Assurance Committee as being moderate, assuring the SIA that we have key structures and policies and processes in place to ensure effective governance, risk management and internal control.

Supporting compliance checking into our counter-fraud and corruption controls has taken place to examine the effectiveness of our current controls. Moderate assurance was found and general improvements were suggested to the Integrity Committee. A third line audit, by the Government Internal Audit Agency, of anti-corruption and bribery controls also took place and similarly found moderate assurance. Recommendations are being tracked by the Audit and Risk Assurance Committee.

## Disaster and contingency planning

Each function within the SIA has individual business continuity plans, these plans are designed to ensure the key processes and people are in place to continue our core activities should an incident occur. The SIA also has a secondary space and a data centre. A recent internal audit gave a limited opinion and a number of key improvements have been identified which will be addressed when a specialist resource has been procured in Q1 of 2017/18. This project will ensure the SIA is aligned with ISO 22301, Business Continuity Management, where appropriate.

## External audit

The NAO completed an examination of the 2016-17 accounts and the Comptroller and Auditor General provided an unqualified audit opinion. The annual report and accounts for 2015-16 were laid before Parliament (and therefore published) on 17 March 2017.

## Overall assessment

The SIA has a well embedded governance structure including a full Board with committees covering Audit and Risk Assurance and HR and Remuneration. All committees have Non-Executive Director membership. There are regular meetings of Executive Directors and the Senior Management Team. A full performance and reporting pack is prepared monthly which contains financial information including variance and trend analysis. A moderate rating has been received from our lead internal auditor.

In my opinion, I am able to provide a Moderate Assurance as the strengths in the control, governance, risk and information management systems in place outweigh weaknesses. Although there is a need for improvement in some areas, systems generally operate effectively.

Alan Clamp  
Chief Executive and Accounting Officer  
Security Industry Authority  
16 January 2018

# Remuneration and staff report

## Executive

The remuneration of our directors is based on a strategy that takes account of the Senior Civil Service Pay Bands together with the Senior Salaries Review Body Report. Pay awards are performance related; the Chief Executive makes recommendations on the awards for directors, which are considered by the Remuneration Committee of our Board. The pay award of the Chief Executive is based on the Senior Civil Service Pay Bands and the recommendations of the Senior Salaries Review Body Report. The Chairman recommends the pay award of the Chief Executive which is submitted to Ministers for approval.

Non-consolidated performance payments are available to directors based on their performance and the overall success of the organisation and take account of the recommendations of the Senior Salaries Review Body Report.

## Remuneration

The role of the Remuneration Committee is to provide assurance to the Board and Accounting Officer that appropriate pay systems and policies are in place for the SIA and the remuneration of directors. The Committee also provides advice to the Chairman on the pay of the Chief Executive. The Committee meets at least twice a year. The remuneration committee comprised three independent non-executive board members, Sir Desmond Rea (Chair), Sir Ian Johnston and Bill Matthews. The Chief Executive and Executive Director of Corporate Services attend the meeting as executives.

## Salary payments to directors

### (Audited information)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in the organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in the SIA in the financial year 2016/17 was £135k - £140k (2015/16: £125k - £130k). This was 4.3 times (2015/16, 4 times) the median remuneration of the workforce, which was £31,778 (2015/16, £32,371). No other staff member was paid more than the highest paid director.

Remuneration ranged from £25k - £30k to £135-£140k (2015/16, £20k - £25k to £145-£150k).

Total remuneration includes salary, non-consolidated performance related pay, benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

	Salary (£'000)		Performance Payment (£,000)		Pension benefits (to nearest £1,000)		Total (£,000)	
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
Dr Alan Clamp (Chief Executive)	125-130	105-110 (FTE 125-130)	5-10	-	50,000	42,000	180-185	145-150
Dave Humphries (Director of Partnerships & Interventions)	95-100	95-100	-	0-5	20,000	28,000	115-120	130-135
Stephen McCormick (Director of Operations)	100-105	100-105	-	0-5	26,000	55,000	125-130	160-165
Dianne Tranmer (Director of Corporate Services)	95-100	95-100	-	-	38,000	41,000	130-135	135-140
Band of highest paid Director's Total Remuneration (£'000)	135-140	125-130						
Median Total Remuneration	31,778	32,371						
Ratio	4.3	4.0						

The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

## Salary

Salary includes gross salary; overtime; reserved rights to London weighting or London allowances, recruitment and retention allowances; private office allowances and any other allowance to the extent that they are subject to UK taxation. This report is based on accrued payments made by the organisation and thus recorded in these accounts.

## Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the organisation and treated by HM Revenue and Customs as a taxable emolument.

Board Members are reimbursed for travel and accommodation costs associated with attendance at meetings and other duties in their role. Where such costs include travel from home to the

SIA's office they are taxable as a benefit in kind. There were no benefits in kind for the Executive Directors, however the Non-Executive Directors expenses amounted to £14k of which the benefit in kind was £4.5k for the year ending 31 March 2017.

## Performance payments

Performance payments are based on performance levels attained and are made as a result of the performance appraisal process. They relate to the performance in the year in which they become payable to the individual. The payments reported in 2016/17 relate to performance in 2015/16 and the comparative payments reported for 2015/16 relate to the performance in 2014/15.

## The Non Executive Board

### (Audited information)

The remuneration of the Board in the period ending 31 March 2017 is shown in the table below.

	Salary (£,000)		Benefits in Kind (to nearest £100)	
	2016/17	2015/16	2016/17	Restated 2015/16
	£	£	£	£
Elizabeth France (Chair)	50-55	50-55	3,100	1,500
Bill Matthews	15-20	15-20	400	800
Sir William Ian Johnston	5-10	5-10	0	0
Professor Sir Desmond Rea	5-10	5-10	600	500
Geoffrey Zeidler	5-10	5-10	400	200
David Horncastle	5-10	5-10	0	0

\* The 2016/17 and 2015/16 benefits in kind figures relate to all travel and subsistence incurred on journeys to London. This was identified in 2016/17 and therefore the prior year benefits in kind figures have been restated.

## Pension benefits

(Audited information)

	Accrued pension at 31/3/17 and related lump sum	Real increase in pension and related lump sum	CETV at 31/3/17	CETV at 31/3/16	Employee Contributions and transfers in	Real increase in CETV	Employer contribution to Partnership Pension Account
	£'000	£'000	£'000	£'000	£'000	£'000	Nearest £100
Dr Alan Clamp Chief Executive	10-15	10-12.5	208	27	9	24	N/A
Dave Humphries Director of Compliance & Enforcement	40-45 plus 120-125 lump sum	0-2.5 plus 2.5-5 lump sum	851	796	7	18	N/A
Stephen McCormick Director of Service Delivery	25-30	0-2.5	474	427	8	24	N/A
Dianne Tranmer Director of Corporate Services	20-25	0-2.5	340	305	7	17	N/A

The Non-Executive Directors do not receive pension benefits from the SIA.

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for members show pension earned in PCSPS or alpha – as appropriate. Where the member has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

## Cash equivalent transfer values

A cash equivalent transfer value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

## Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

## Staff report

(Audited information)

Staff costs comprise:

	2016/17			2015/16		
	Permanently employed staff	Others	Total	Permanently employed staff	Others	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Wages and salaries	7,904	1,676	9,580	6,627	3,910	10,537
Social Security Costs	822	8	830	528	10	538
Other Pension Costs	1,445	0	1,445	1,296	0	1,296
Redundancy Costs	154	82	236	162	0	162
Total Costs	10,325	1,766	12,091	8,613	3,920	12,533

## Consultancy costs

Expenditure on consultancy in 2016-17 was £81,000 (2015-16: £471,000).

## Pension

### Principal Civil Service Pension Scheme

The PCSPS is an unfunded multi-employer defined benefit scheme but the Security Industry Authority is unable to identify its share of the underlying assets and liabilities. The scheme Actuary valued the scheme as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk). The PCSPS is now closed to new members.

### Civil Servants and Other Pension Scheme

The Civil Servants and Others Pension Scheme (CSOPS) known as Alpha is a new unfunded, defined benefit scheme and the Security Industry Authority is unable to identify its share of the underlying assets and liabilities. The Alpha scheme started from 1 April 2015. Many PCSPS members transferred into Alpha on that date, while others will transfer into it over the next few years. Those members who were less than 10 years from retirement on 1 April 2012 are not required to move to Alpha.

Further information on the PCSPS is included within the remuneration report.

## Average number of persons employed

### (Audited information)

The average number of whole-time equivalent persons employed during the period was as follows.

	2016/17			2015/16		
	Total	Permanent staff	Others	Total	Permanent staff	Others
Directly Employed	211	205	6	186	186	0
Other	11	0	11	28	0	28
Total	222	205	17	214	186	28

## Staff composition at March 2017

### (Audited information)

	2016/17		
	Female	Male	Total
Other Employees	106	114	220
Senior Civil Servant or equivalent	1	3	4
Board	1	5	6
	108	122	230

## Reporting of Civil Service and other compensation schemes – exit packages

(Audited information)

Exit package cost band	2016/17			2015/16		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0	53	53*	0	0	0
£10,000 - £25,000	0	8	8*	0	0	0
£25,000 - £50,000	0	2	2	0	0	0
£50,000 - £100,000	0	1	1**	0	0	0
£100,000 - £150,000	0	0	0	0	0	0
£150,000 - £200,000	0	0	0	0	1	1***
<b>Total number of exit packages</b>	<b>0</b>	<b>64</b>	<b>64</b>	<b>0</b>	<b>1</b>	<b>1</b>
<b>Total resource cost (£)</b>	<b>0</b>	<b>659k</b>	<b>659k</b>	<b>0</b>	<b>162k</b>	<b>162k</b>

\*With the closure of our outsourced service in Liverpool, provided by BT, sixty one staff members transferred to the SIA under TUPE, of which ten were subsequently re-employed. As all the new posts to support our new web-based system were based in London, and the staff did not wish to relocate, the ex BT staff were made redundant when the BT building was closed.

\*\*This individual received less than the CSCS cap of £95k.

\*\*\*The SIA incurred pension buy-out costs as the individual opted for early retirement

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirements costs are met by the pension scheme and are not included in the table.

## Off-payroll engagements

The tables below provides the total number of off-payroll engagements, who are earning in excess of £220 per day plus new engagements during the year and also a table showing those who were board members or senior officials during the year. These are contractors and consultants who have their own tax and national insurance arrangements; none were current or former employees of the SIA.

This table shows the number of off-payroll engagements as of 31 March 2017, for more than £220 per day and that lasted for longer than six months.

	Total
Number of existing engagements as of 31 March 2017	3
Of which:	
Number that have existed for less than one year at time of reporting	3
Number that have existed for between one and two years at time of reporting	0

For all off-payroll engagements that reached six months in duration, between 1 April 2016 and 31 March 2017, for more than £220 per day and that last for longer than six months.

	Total
Number of engagements that reached six months in duration, between 1 April 2016 and 31 March 2017	0

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2016 and 31 March 2017.

	Total
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0

## Payment to auditors

The audit fee for 2016/17, payable to the National Audit Office has been set at £33,000. (2015/16: £33,000) No other payments were made to the National Audit Office for non-audit services during the year.

## Staff sickness and absence

During the 2016-17 financial year employees have taken an average of nine days sickness absence per employee, an improvement when compared to last year's figure of 11 days per employee for the financial year 2015-16. The SIA's target for the year is no more than eight days sickness per employee per annum. Total sickness absence for the 12 month period excluding long-term absences (16 cases) was an average of five days per person.

Whilst our management of sickness absence has led to a reduction in the overall number of days lost, we are continuing to work with our occupational health provider to support those on sick leave and with health conditions. We have updated our health management policy and are reducing paid sick leave entitlements for new hires. We are about to launch workshops for managers on implementing the updated health management policy and managing staff with enduring health conditions.

# Parliamentary accountability disclosures

(Audited information)

## Losses and special payments

There have been no losses or special payments in the year (2015/16 Nil).

## Fees and charges 2016/17

	Income	Full Cost	Surplus/ (deficit)	Fee recovery actual	Fee recovery target
Operating Segment	£000	£000	£000	%	%
Licensing Income	22,745	(20,632)	2,113	110	100
ACS Income	2,094	(2,289)	(195)	91	100
	<b>24,839</b>	<b>(22,921)</b>	<b>1,918</b>		

## Fees and charges 2015/16

	Income	Full Cost	Surplus/ (deficit)	Fee recovery actual	Fee recovery target
Operating Segment	£000	£000	£000	%	%
Licensing Income	27,248	(23,036)	4,212	118	100
ACS Income	2,217	(2,570)	(353)	86	100
	<b>29,465</b>	<b>(25,606)</b>	<b>3,859</b>		

### Notes:

Licensing Income is the application fee for an individual SIA Licence. Individuals working in specific sectors of the private security industry are required by law to hold an SIA Licence.

Approved Contractor Scheme (ACS) income is the registration and application fees for companies joining the voluntary scheme for providers of security services. Companies who satisfactorily meet the agreed standards may be registered as approved and advertise themselves as such.

## Remote contingent liabilities

The SIA had no remote contingent liabilities as at 31 March 2017 (2015/16 - Nil).

Alan Clamp  
Chief Executive and Accounting Officer  
Security Industry Authority  
16 January 2018

# The Certificate and report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Security Industry Authority for the year ended 31 March 2017 under the Private Security Industry Act 2001. The financial statements comprise: the Statements of Comprehensive Net Income, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Parliamentary Accountability disclosures within the Accountability Report that are described in that report as having been audited.

Respective responsibilities of the Security Industry Authority, Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities for the Security Industry Authority, the Authority and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Private Security Act 2001. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Security Industry Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Security Industry Authority; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Performance Report and the Accountability Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Security Industry Authority's affairs as at 31 March 2017 and of the net income for the year then ended; and
- the financial statements have been properly prepared in accordance with the Private Security Act 2001 and Secretary of State directions issued thereunder.

## Opinion on other matters

In my opinion:

- the parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited have been properly prepared in accordance with Secretary of State directions made under the Private Security Act 2001; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration and Staff Report, and the Parliamentary Accountability disclosures to be audited are
- not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.

**Sir Amyas C E Morse**  
**Comptroller and Auditor General**  
 National Audit Office  
 157-197 Buckingham Palace Road  
 Victoria  
 London  
 SW1W 9SP

**19 January 2018**

# The financial statements

## Statement of Comprehensive Net Income

For the period ended 31 March 2017

		2016/17	Restated 2015/16
	Note	£'000	£'000
<b>Income</b>			
Income from Activities	4	24,839	29,465
<b>Other Income</b>			
Other Income from Activities	4	2,287	45
Court Costs Recovered	4	116	76
<b>Total Operating Income</b>		<u>27,242</u>	<u>29,586</u>
<b>Expenditure</b>			
Staff Costs	2	(12,091)	(12,533)
Depreciation & Amortisation	3	(1,529)	(343)
Other Expenditure	3	(9,940)	(12,730)
<b>Total Operating Expenditure</b>		<u>(23,560)</u>	<u>(25,606)</u>
Net Income Before Tax and Interest		3,682	3,980
Interest Receivable		5	14
Corporation Tax		(1)	(3)
<b>Net Income after Tax and Interest</b>		<u><b>3,686</b></u>	<u><b>3,991</b></u>

The notes on pages 46 to 62 form part of these accounts.

There are no other comprehensive income items. All income and expenditure relates to continuing operations.

# Statement of Financial Position

As at 31 March 2017

	Note	2016/17		Restated 2015/16	
		£'000		£'000	
<b>Non-Current Assets:</b>					
Property, Plant and Equipment	5	351		383	
Intangible Assets	6	8,137		7,697	
Trade and other Receivables	8	986			
<b>Total Non-Current Assets</b>			<b>9,474</b>		<b>8,080</b>
<b>Current Assets:</b>					
Trade and other Receivables	8	1,749		2,030	
Cash and Cash Equivalents	9	9,148		6,719	
<b>Total Current Assets</b>			<b>10,897</b>		<b>8,749</b>
<b>Total Assets</b>			<b>20,371</b>		<b>16,829</b>
<b>Current Liabilities:</b>					
Trade and Other Payables	10	(2,840)		(3,093)	
Provisions	11	(558)		(431)	
<b>Total Current Liabilities</b>			<b>(3,398)</b>		<b>(3,524)</b>
<b>Total Assets Less Current Liabilities</b>			<b>16,973</b>		<b>13,305</b>
<b>Non-Current Liabilities:</b>					
Provisions	11			(18)	
<b>Total Non-Current Liabilities</b>			<b>0</b>		<b>(18)</b>
<b>Total Assets Less Total Liabilities</b>			<b>16,973</b>		<b>13,287</b>
<b>Taxpayers' Equity</b>					
General Reserve			16,973		13,287
			<b>16,973</b>		<b>13,287</b>

The notes on pages 46 to 62 form part of these accounts.

Alan Clamp  
Chief Executive and Accounting Officer  
16 January 2018

## Statement of Cash Flows

For the period ended 31 March 2017

	Note	2016/17	Restated 2015/16
		£'000	£'000
<b>Cash Flows from Operating Activities</b>			
Net operating (cost)/surplus		3,682	3,980
(Increase) in trade and other receivables	8	(705)	524
(Decrease) in trade payables	10	(253)	(4,020)
Utilisation of provisions	11	(431)	0
Depreciation & Amortisation	3	1,529	343
Impairment		276	0
Expenditure arising from provisions	11	540	449
Less movement in payables not relating to the Statement of Comprehensive Net Income		0	2,916
Corporation tax paid		(1)	(3)
<b>Net Cash (Outflow)/Inflow from Operating Activities</b>		<b>4,637</b>	<b>4,189</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of property, plant and equipment	5	(150)	(77)
In Year Adjustment	5	0	7
Purchase of intangible assets	6	(2,063)	(4,404)
Interest received		5	14
<b>Net Cash Outflow from Investing Activities</b>		<b>(2,208)</b>	<b>(4,460)</b>
<b>Cash Flows from Financing Activities</b>			
Capital Grant		0	0
<b>Net Cash Inflow from Financing Activities</b>		<b>0</b>	<b>0</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents in the period</b>		<b><u>2,429</u></b>	<b><u>(271)</u></b>
Cash and cash equivalents at the beginning of the period	10	6,719	6,990
Cash and cash equivalents at the end of the period	10	9,148	6,719

The notes on pages 46 to 62 form part of these accounts.

## Statement of Changes in Taxpayers' Equity

For the period ended 31 March 2017

	General Reserve
	£'000
Restated balance at 31 March 2015	9,296
Changes in Taxpayers' Equity 2015-16	
Release of reserves to the I & E	0
Comprehensive Income for the year	3,991
<i>Recognised in Statement of Comprehensive Income</i>	<u>3,991</u>
Grant from Home Office	0
Restated balance at 31 March 2016	<u>13,287</u>
Changes in Taxpayers' Equity 2016-17	
Release of reserves to the I & E	0
Comprehensive Income for the year	3,686
<i>Recognised in Statement of Comprehensive Income</i>	<u>3,686</u>
Grant from Home Office	0
Balance at 31 March 2017	<u>16,973</u>

The notes on pages 46 to 62 form part of these accounts.

## Notes

### I. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2016/17 Government Financial Reporting Manual (FReM) issued by H M Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Security Industry Authority for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Security Industry Authority for the current year are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The accounts have been prepared under the direction issued by the Secretary of State under the Private Security Industry Act 2001.

#### Ia. Accounting Convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment, and intangible assets.

#### Ib. Grants

Grants, whether in relation to revenue or capital, have been treated as contributions from controlling parties giving rise to financial interest in the organisation and therefore credited to general reserves.

#### Ic. Licence Fee Income

Income is recognised at the point when payment is made for an application. At this point, the fee paid becomes non-refundable as the SIA is committed to paying third party providers for processing the application.

An individual who has more than one application accepted is entitled to a discount of 50% on subsequent accepted applications (but not renewals). This discount is included in licensing income.

#### Id. Approved Contractor Scheme (ACS) Income

The ACS is a voluntary scheme for providers of security services. Companies who satisfactorily meet the agreed standards may be registered as approved and may advertise themselves as such.

Application fee income is recognised at the point when the payment is made for an application and is non-refundable.

Annual registration income is charged to the Statement of Comprehensive Net Income on a straight line basis over the period covered by the registration.

#### Ie. Deferred Income

The SIA will defer ACS income where:-

- Annual registration fees have been received prior to the awarding of approved status.
- The annual registration fee covers a period extending over the financial year end.

#### I f. Property, Plant and Equipment and Intangible Assets

Items are capitalised as non-current assets where the purchase cost exceeds £1,000, or £5,000 for grouped assets, and the benefit they yield has a life of more than one year. Non-current assets are held at cost less accumulated depreciation. There was no revaluation of assets for 2016/17 because it is deemed immaterial, and the depreciated historical cost basis is considered as a proxy for fair value for assets that have short useful lives.

Intangible assets are reviewed annually for impairment.

The SIA entered a contract with British Telecommunications plc from 30 September 2010. The contract includes the implementation of a number of enhancements to the existing managed service provider database. Currently the implementation of the new system is at Milestone 5 out of 8 Milestones. The cost of these improvements to the original asset are being capitalised and spread over the life of the contract and all future improvements will also be capitalised.

#### I g. Depreciation and Amortisation

Depreciation and Amortisation is provided on all non-current assets on a straight-line basis to write off the cost or valuation evenly over the asset's expected useful life as follows:

Leasehold improvements	over the remaining term of the lease (March 2018)
IT, Servers (hardware and software)	five years
IT, PCs (hardware and software)	three to five years
Fittings	five years
Furniture and office equipment	seven years
Telephone equipment	seven years
Photocopiers	five years
Other equipment	five years
Managed Service Provider (MSP) Database	MSP and MSP II had fully amortised at September 2014
Approved Contractor Scheme (ACS)	ACS had fully amortised at February 2010
STeP system	five years

#### I h. Provision for Bad Debt

The SIA is awarded costs by the courts when appeals are successfully defended. It is not always possible for the SIA to collect all these debts and those that are outstanding for more than 12 months are charged in full to the Statement of Comprehensive Net Income.

#### I i. Provisions

In accordance with IAS 37, provisions are disclosed in the Statement of Financial Position for legal and constructive obligations in existence at the end of the reporting period. Provisions are measured at the best estimate of the expenditure required to settle the present obligation, and reflects the expenditure required to settle the obligation where the amount is considered material.

#### I j. Leases

- a) Finance Leases – The SIA has no finance leases.
- b) Operating Leases – Payments made under operating leases on equipment and buildings are charged to expenditure on a straight line basis.

### **I k. Pension Costs**

#### **a) Principal Civil Service Pension Scheme (PCSPS):**

The Security Industry Authority recognises the expected costs on a systematic and rational basis over the period during which it benefits from employees' services by payments to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS.

#### **b) Civil Servants and Others Pension Scheme (CSOPS):**

CSOPS known as Alpha is a new unfunded, defined benefit scheme which started on 1 April 2015. The Security Industry Authority recognises the expected costs on a systematic and rational basis over the period during which it benefits from employees' services by payments to the CSOPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the CSOPS.

### **II. Value Added Tax**

The SIA is not registered for VAT for its statutory functions but is registered for VAT in respect of certain ancillary activities. The amounts involved are immaterial.

### **I m. Corporation Tax**

The SIA is liable for corporation tax at 20% on interest received on investment income, this relates to the bank interest.

### **I n. Standards in issue but not yet effective**

IFRS 9 Financial Instruments was issued in July 2014, effective for periods beginning on or after 1 January 2018. It is not yet adopted by the EU. HM Treasury is working towards implementing the standard in the FReM from 2018-19. It is not expected to have a material impact on the financial statements.

IFRS 15 Revenue from Contracts with Customers was issued in May 2014, effective for periods beginning on or after 1 January 2018. It is not yet endorsed by the EU but is expected to be in late 2016. HM Treasury is working towards implementing the standard in the FReM from 2018-19. It is not expected to have a material impact on the financial statements.

IFRS 16 Leases was issued in January 2016, effective for periods beginning on or after 1 January 2019. The introduction of IFRS 16 is subject to analysis and review by HM Treasury and the other Relevant Authorities. HM Treasury will issue an Exposure Draft on IFRS 16 in advance of the effective date.

### **I o. Significant Estimates and Judgements**

Some judgement was required for the dilapidations provision which represents the amount required to reinstate the premises to a state as required under the lease. This provision was based on industry standard and the floor space occupied by the SIA.

In prior years, due to the basis of the contract with British Telecommunications PLC, some judgement was taken on the valuation of the STeP asset, based on milestone payments, information from BT and the Programme team.

### **I p. Going Concern**

The SIA's financial statements have been prepared on a going concern basis.

## 2. Staff Costs

Staff costs comprise:

	2016/17			Restated 2015/16		
	Permanently Employed Staff	Others	Total	Permanently Employed Staff	Others	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Wages and salaries	7,904	1,676	9,580	6,627	3,910*	10,537
Social Security Costs	822	8	830	528	10	538
Other Pension Costs	1,445	0	1,445	1,296	0	1,296
Redundancy Costs	154	82	236	162	0	162
Total Net Costs	<u>10,325</u>	<u>1,766</u>	<u>12,091</u>	<u>8,613</u>	<u>3,920</u>	<u>12,533</u>

Further staff disclosures can be found in the Staff Report section of the Annual Report.

\*£471K has been restated as Consultancy in Running Costs

### 3. Other Expenditure

	Note	2016/17	Restated 2015/16
		£'000	£'000
<b>Running Costs</b>			
Licensing Costs		5,173	8,334
Accommodation Costs		1,308	1,237
Travel and subsistence		645	484
Information Technology		486	454
Office supplies and services		532	441
Legal Costs		69	231
Training		196	150
Advertising and Publicity		88	164
Recruitment		205	278
Audit fee – internal		60	12
Audit fee – external		33	33
Catering		4	4
Financial Costs		78	6
Consultancy		81	471*
Home Office Recharge		174	0
<b>Non Cash Items</b>			
Amortisation	6	1,347	137
Depreciation	5	182	206
Impairment	6	252	
Movement in provisions	11	540	431
Bad and Doubtful Debts		16	(0)
		<b>11,469</b>	<b>13,073</b>

No payments have been paid to the NAO during 2016-17 for non-audit work (2015-16 Nil).

\*£471K has been restated from Staff Costs

## 4. Income

	2016/17	2015/16
	£'000	£'000
Licensing	22,745	27,248
Approved Contractors Scheme (ACS)	2,094	2,217
	<b>24,839</b>	<b>29,465</b>
<b>Other Income</b>		
Other Income from activities	2,287	45
Court Costs Recovered	116	76
	<b>27,242</b>	<b>29,586</b>

## 5. Property, plant and equipment

	Leasehold Improvements	Furniture and Fittings	Information Technology	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 April 2016	484	283	696	1,463
In Year Adjustment	0	0	0	0
Additions			150	150
Disposals	0	0	(99)	(99)
<b>At 31 March 2017</b>	<b>484</b>	<b>283</b>	<b>747</b>	<b>1,514</b>

<b>Depreciation</b>				
At 1 April 2016	398	167	515	1,080
In Year Adjustment	0	0	0	0
Charged in year	43	54	85	182
Disposals	0	0	(99)	(99)
<b>At 31 March 2017</b>	<b>441</b>	<b>221</b>	<b>501</b>	<b>1,163</b>

Net Book Value at 31 March 2017	<b>43</b>	<b>62</b>	<b>246</b>	<b>351</b>
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Net Book Value at 31 March 2016	<b>86</b>	<b>116</b>	<b>181</b>	<b>383</b>
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<b>Asset financing:</b>				
Owned	43	62	246	351
<b>Net Book Value at 31 March 2017</b>	<b>43</b>	<b>62</b>	<b>246</b>	<b>351</b>

## 5. Property, plant and equipment (continued)

	Leasehold Improvements	Furniture and Fittings	Information Technology	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 April 2015	488	269	711	1,468
In Year Adjustment	(7)	0	0	(7)
Additions	3	14	60	77
Disposals	0	0	(75)	(75)
<b>At 31 March 2016</b>	<b>484</b>	<b>283</b>	<b>696</b>	<b>1,463</b>

<b>Depreciation</b>				
At 1 April 2015	357	113	479	949
In Year Adjustment	(2)	1	1	0
Charged in year	43	53	110	206
Disposals	0	0	(75)	(75)
<b>At 31 March 2016</b>	<b>398</b>	<b>167</b>	<b>515</b>	<b>1,080</b>

Net Book Value at 31 March 2016	<b>86</b>	<b>116</b>	<b>181</b>	<b>383</b>
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Net Book Value at 31 March 2015	<b>131</b>	<b>156</b>	<b>232</b>	<b>519</b>
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<b>Asset financing:</b>				
Owned	86	116	181	383
<b>Net Book Value at 31 March 2016</b>	<b>86</b>	<b>116</b>	<b>181</b>	<b>383</b>

## 6. Intangible Assets

	Software Licences	Managed Service Provider	Managed Service Provider II	STeP	Assets Under Construction	Approved Contractors Scheme Costs	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>							
At 1 April 2016	807	9,967	5,346	0	7,640	1,075	24,835
Transfer	0	0	0	8,346	(8,346)	0	0
Impairment	0	0	0	(252)	(24)	0	(276)
Additions	24	0	0	1,309	730	0	2,063
Disposals	(83)	(9,967)	(5,346)	0	0	0	(15,396)
<b>At 31 March 2017</b>	<b>748</b>	<b>0</b>	<b>0</b>	<b>9,403</b>	<b>0</b>	<b>1,075</b>	<b>11,226</b>

<b>Amortisation</b>							
At 1 April 2016	750	9,967	5,346	0	0	1,075	17,138
Charged in year	34	0	0	1,313	0	0	1,347
Disposals	(83)	(9,967)	(5,346)	0	0	0	(15,396)
<b>At 31 March 2017</b>	<b>701</b>	<b>0</b>	<b>0</b>	<b>1,313</b>	<b>0</b>	<b>1,075</b>	<b>3,089</b>

<b>Net Book Value at 31 March 2017</b>	<b>47</b>	<b>0</b>	<b>0</b>	<b>8,090</b>	<b>0</b>	<b>0</b>	<b>8,137</b>
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<b>Asset financing:</b>							
Owned	47	0	0	8,090	0	0	8,137
Finance Leased	0	0	0	0	0	0	0
On Balance sheet PFI contracts	0	0	0	0	0	0	0
<b>Net Book Value at 31 March 2017</b>	<b>47</b>	<b>0</b>	<b>0</b>	<b>8,090</b>	<b>0</b>	<b>0</b>	<b>8,137</b>

## 6. Intangible Assets (continued)

	Software Licences	Managed Service Provider	Managed Service Provider II	STeP	Assets Under Construction	Approved Contractors Scheme Costs	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>							
At 1 April 2015	757	9,967	5,346	0	3,288	1,075	20,433
Additions	52	0	0	0	4,352	0	4,404
Disposals	(2)	0	0	0	0	0	(2)
<b>At 31 March 2016</b>	<b>807</b>	<b>9,967</b>	<b>5,346</b>	<b>0</b>	<b>7,640</b>	<b>1,075</b>	<b>24,835</b>

<b>Amortisation</b>							
At 1 April 2015	615	9,967	5,346	0	0	1,075	17,003
Charged in year	137	0	0	0	0	0	137
Disposals	(2)	0	0	0	0	0	(2)
<b>At 31 March 2016</b>	<b>750</b>	<b>9,967</b>	<b>5,346</b>	<b>0</b>	<b>0</b>	<b>1,075</b>	<b>17,138</b>

<b>Net Book Value at 31 March 2016</b>	<b>57</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,640</b>	<b>0</b>	<b>7,697</b>
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<b>Asset financing:</b>							
Owned	57	0	0	0	7,640	0	7,697
Finance Leased	0	0	0	0	0	0	0
On Balance sheet PFI contracts	0	0	0	0	0	0	0
<b>Net Book Value at 31 March 2016</b>	<b>57</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,640</b>	<b>0</b>	<b>7,697</b>

## 7. Financial Instruments

Due to the largely non-trading nature of the activities of the SIA and the way in which it is financed, the organisation is not exposed to the degree of financial risk faced by a non-public sector body. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. The SIA has very limited powers to borrow or invest surplus funds, and consequently financial assets and liabilities are generated by day-to-day operational activities and are not deemed to change the risk facing the SIA in undertaking its activities.

Financial instruments only relate to contracts to buy non-financial items in line with the SIA's expected purchase requirements.

### Liquidity risk

The SIA's net revenue resource requirements are financed by licence fees and its capital expenditure is largely funded by resources which are granted annually by Parliament. The SIA is not therefore exposed to significant liquidity risk.

### Interest rate risk

The SIA is not exposed to significant interest rate risk.

### Foreign currency risk

The SIA is not exposed to any foreign exchange risk

### Credit risk

The SIA is not exposed to significant credit risk, other than the bad debt provision that is identified in note 1h.

## 8. Trade Receivables and Other Current Assets

	2016/17	2015/16
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Trade Receivables	1,040	1,265
Other Receivables	32	16
Court Debts	387	460
Prepayments and accrued income	402	416
	<b>1,861</b>	<b>2,157</b>

Less Provision for Bad Debts	(112)	(127)
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	<b>1,749</b>	<b>2,030</b>
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<b>Amounts falling due after one year:</b>		
Trade Receivables	986	0
	<b>986</b>	<b>0</b>

## 9. Cash and Cash Equivalents

	2016/17	2015/16
	£'000	£'000
Balance at 1 April 2016	6,719	6,990
Net Change in Cash and Cash Equivalent Balances	2,429	(271)
Balance at 31 March 2017	<b>9,148</b>	<b>6,719</b>

The following balances at 31 March 2017 were held at:		
Barclays Banks and Cash in Hand	<b>9,148</b>	<b>6,719</b>

## 10. Trade Payables and Other Current Liabilities

	2016/17	Restated 2015/16
	£'000	£'000
<b>Amounts falling due within one year</b>		
Other Taxation & Social Security	261	185
Trade Payables	473	188
Other Payables	32	28
Accruals & deferred income	2,074	2,692
	<b>2,840</b>	<b>3,093</b>
<b>Amounts falling due after more than one year</b>	NIL	NIL

## 11. Provisions for Liabilities and Charges

	TUPE	Dilapidation	Total
	£'000	£'000	£'000
Balance at 1 April 2016	431	18	449
Reclassified Provision	0	0	0
Provided in the year	0	540	540
Provisions not required written back	0	0	0
Provisions utilised in the year	(431)	0	(431)
<b>Balance at 31 March 2017</b>	<b>0</b>	<b>558</b>	<b>558</b>
Balance at 1 April 2015	0	0	0
Reclassified Provision	0	18	18
Provided in the year	431	0	431
Provisions not required written back	0	0	0
Provisions utilised in the year	0	0	0
<b>Balance at 31 March 2016</b>	<b>431</b>	<b>18</b>	<b>449</b>

### 11a. TUPE

Provision was made under the Transfer of Undertakings (Protection of Employment) Regulations (TUPE) during 2015/16. The SIA accepted the liability for TUPE costs arising out of the move from the managed licence processing system to the in house provision. Arrangements were agreed in 2015/16 for staff from the managed service provision to become SIA employees or take voluntary redundancy. The provision was fully utilised during 2016/17.

### 11b. Dilapidation

The SIA makes provision to cover its obligations for the reinstatement of its leasehold buildings to their original state before its occupation.

## 12. Capital Commitments

The STEP system, Phase 1, was largely delivered in July 2016 and finalised in January 2017. The Authority has paid milestones to the value of 76% of the contractual total of £8.2m (ex. VAT) with an outstanding commitment of £2m (ex VAT). The remainder may be utilised if further development work is undertaken for that part of the project which has become known as Phase 2.

## 13. Commitments Under Leases

### 13.1 Operating Leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	2016/17	2015/16
	£'000	£'000
Obligations under operating leases comprise		
<b>Buildings</b>		
Not later than one year	574	574
Later than one year and not later than five years	0	574
	<u>574</u>	<u>1,148</u>

<b>Office Equipment</b>		
Not later than one year	11	11
Later than one year and not later than five years	6	13
	<u>17</u>	<u>24</u>

### 13.2 Finance Leases

The SIA does not have any finance leases.

## 14. Contingent Liabilities Disclosed Under IAS 37

The SIA had no contingent liabilities as at 31 March 2017. (2015/16 – Nil).

## 15. Related Parties

SIA has had transactions during the period with the following government bodies, and all transactions were conducted at arms length:-

- Disclosure and Barring Service
- Disclosure Scotland
- The Home Office – includes a recharge

The SIA retains all sums received in accordance to Lord Taylor's Direction dated 28th November 2012.

Geoff Zeidler is a Director of Kings Security Systems Ltd which is an ACS registered company. During 2016/17 the SIA recognised £4,185 of ACS fees from Kings Security Systems Ltd.

No Board member, key manager or other related parties has undertaken any material transactions with the SIA during the year. The Remuneration Report provides information on key management compensation.

## 16. Events after the reporting period

There have been no events after the reporting date requiring an adjustment to the accounts.

The financial statements were authorised for issue on the same date that the Comptroller and Auditor General certified the annual report and accounts.

## 17. Restatement of 2015-16 Annual Accounts

SIA have historically paid annual surpluses to the Home Office, resulting in a sizeable payable to the Home Office in their accounts. In mid-2017 SIA discovered that we hold a ministerial direction dating back to 2012, enabling us to retain our surpluses. We have therefore removed the payable from our accounts and increased our reserves, as we have the right to retain the surpluses we have made. This has resulted in an adjustment of £9.3 million.

In 2015-16, SIA also recorded a payable to the Home Office for £7 million. As a result of the ministerial direction this figure is incorrect and given that it is highly material, we have been required by accounting standards to restate the comparative figures for 2015-16 in the accounts.

The Direction has resulted in the restatement of balances and transactions previously recorded. These revisions are reflected in the restatements of the 2015-16 Statement of Comprehensive Net Income, Statement of Financial Position, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity.

### Statement of Comprehensive Net Income

	As previously reported 2015-16	Adjustment	Restated 2015-16
	£'000	£'000	£'000
<b>Total Operating Income</b>	<b>29,586</b>		<b>29,586</b>
<b>Total Operating Expenditure</b>	<b>(25,606)</b>	<b>-</b>	<b>(25,606)</b>
Net Income before Tax and Interest	3,980	-	3,980
Interest Receivable	14		14
Corporation Tax	(3)		(3)
Interest repayable to the Consolidated Fund	(11)	11	-
<b>Net Income after Tax and Interest</b>	<b>3,980</b>	<b>11</b>	<b>3,991</b>

## Statement of Financial Position as at 31 March 2016

	As previously reported 2015-16	Adjustment	Restated 2015-16
	£'000	£'000	£'000
Total non-current assets	8,080	-	8,080
Total current assets	8,749	-	8,749
Total assets	16,829	-	16,829
Current liabilities			
Trade and other payables	(10,023)	6,930	(3,093)
Provisions for liabilities and charges	(431)	-	(431)
Total current liabilities	(10,454)	6,930	(3,524)
Total assets less current liabilities	6,375	6,930	13,305
Total non current liabilities	(18)		(18)
Total assets less total liabilities	6,357		13,287
Total Taxpayers' equity	6,357	6,930	13,287

## Statement of Cash Flows for the year ended 31 March 2016

	As previously reported 2015-16	Adjustment	Restated 2015-16
	£'000	£'000	£'000
<b>Cash Flows from Operating Activities</b>			
Net operating (cost)/surplus	3,980		3,980
Decrease in trade and other receivables	524		524
Increase in trade payables	2,910	(6,930)	(4,020)
Utilisation of provisions	-		-
Depreciation & Amortisation	343		343
Impairment	-		-
Interest paid to consolidated fund	(11)	11	-
Expenditure arising from provisions	449		449
Less movement in payables not relating to the Statement of Comprehensive Net Income	(4,003)	6,919	2,916
Corporation tax paid	(3)		(3)
<b>Net Cash (Outflow)/Inflow from Operating Activities</b>	<b>4,189</b>	<b>-</b>	<b>4,189</b>
<b>Net Cash Outflow from Investing Activities</b>	<b>(4,460)</b>	<b>-</b>	<b>(4,460)</b>
<b>Net Cash Inflow from Financing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents in the period</b>	<b>(271)</b>		<b>(271)</b>
Cash and cash equivalents at the beginning of the period	6,990		6,990
Cash and cash equivalents at the end of the period	6,719		6,719

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2016

	As previously reported 2015-16	Adjustment	Restated 2015-16
	£'000	£'000	£'000
Balance at 31 March 2015	6,380	2,916	9,296
<b>Changes in Taxpayers' Equity 2015-16</b>			
Interest surrendered to the Consolidated Fund	(11)	11	-
Release of reserves to the I & E	-		-
Comprehensive Income for the year	3,991		3,991
<b>Recognised in Statement of Comprehensive Income</b>	<b>3,980</b>	<b>11</b>	<b>3,991</b>
Grant from Home Office	-		-
Repayment due to Home Office	(4,003)	4,003	-
Balance at 31 March 2016	<u>6,357</u>		<u>13,287</u>





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